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THE PREVALENCE OF DUMPING IN INTERNATIONAL TRADE. I

An attempt to survey the extent to which dumping, or price-discrimination between national markets, is practiced encounters many difficulties. The dumper may have various weighty motives for desiring to withhold from public knowledge the fact that he is selling abroad at lower prices than at home. Even where no deliberate attempt is made to conceal the dumping from the vulgar gaze, it is not likely to be a matter of common knowledge except to those closely interested in the particular dumping transactions. Valuable sources of information are afforded by the publicity which inevitably attends the operations of great industrial combinations and by the numerous governmental investigations into various phases of business activity which have accumulated and made public great masses of more or less detailed data relating to price-policies in international trade. But much of even such material must, unfortunately, be used with great caution. The serviceability of the evidence obtained from business men is prone to be lessened by the intrusion of some element of bias, by the loose use of terminology, or by lack of adequate analysis. Where instances of dumping are reported by others than those directly involved in the transactions, it is often difficult to determine in specific cases whether the reported sales at different prices in different countries are genuine instances of dumping or are to be adequately accounted for by differences in the conditions and terms governing the sales to purchasers in the domestic and the foreign markets, respectively. If the reports of dumping originate with competitors of the dumping concern they are especially to be treated with caution, because of the common tendency of business men to apply invidious terms to any type of competition, however legitimate it may be, which disturbs their chances for profit. These are serious obstacles to safe generalization. In the present survey of the prevalence of dumping and the circumstances under which it is most frequently

practiced, careful discrimination has been exercised in the acceptance of evidence, in the belief that overconservatism would be less injurious than overexaggeration.

A. INSTANCES OF DUMPING BEFORE 1880

The practice of dumping has long been known, although not by this name, to writers on commercial matters. Adam Smith, for example, not only discusses unfavorably the practice on the part of governments of stimulating exports, even at prices lower than those current in the domestic market, by the grant of official bounties, but gives an instance from personal observation of the grant of bounties on exports by a private combination of producers in order to reduce the supply available for the domestic market.¹ Except, however, as it resulted from the grant of official export bounties, the extensive practice of dumping could not have developed until after the Industrial Revolution brought large-scale production and the active search for wider markets.

England was the first country to undergo the Industrial Revolution. It is therefore not surprising that the first extensive charges of dumping were directed against her manufacturers. It is by no means certain, however, either that actual British practice provided a substantial basis for the charges of dumping, or that fear of or resentment against British dumping, actual or prospective, was the real motive leading to the making of the charges. If foreign manufacturers can be plausibly charged with dumping, an effective argument is made available in support of tariff protection to domestic industries endangered by such putatively unfair foreign competition. American protectionist writers throughout the nineteenth century made much of this argument for protection, English manufacturers generally being the ones charged with the resort to dumping. English manufacturers, it was repeatedly alleged, in the early years of American independence not only dumped in the United States but did so with the

¹ *Wealth of Nations*, Book IV, chap. v: "I have known the different undertakers of some particular works agree privately among themselves to give a bounty out of their own pockets upon the exportation of a certain proportion of the goods which they dealt in. This expedient succeeded so well that it more than doubled the price of their goods in the home market, notwithstanding a very considerable increase in the produce."

deliberate purpose of crushing or, in the language of the time, "stifling" or "strangulating" the young American industries. The only supporting evidence possessing any degree of concreteness consists of two or three isolated instances of doubtful authenticity and, even if authentic, by themselves of little general significance. These same instances are cited again and again in the American protectionist literature of the last century.

Alexander Hamilton, in his famous *Report on Manufactures*, declared that the greatest obstacle encountered by new industries in a young country was the system of export bounties which foreign countries maintained in order "to enable their own workmen to undersell and supplant all competitors in countries to which these commodities are sent." He promised to give instances in the course of the report, but the only ones actually mentioned were English government bounties on the export of sailcloth and linens. Hamilton also drew attention to the possibility that unofficial bounties were being given by combinations of producers: "Combinations by those engaged in a particular branch of business in one country to frustrate the first efforts to introduce it into another by temporary sacrifices, recompensed, perhaps, by extraordinary indemnifications of the government of such country, are believed to have existed, and are not to be regarded as destitute of probability."¹ Hamilton's plea for protection to American manufactures, it was later alleged, caused such alarm among English manufacturers that they banded together to dump their products on the American market with the aim of crushing their American competitors.²

¹ "Report on the Subject of Manufactures, 1791," in F. W. Taussig, *State Papers and Speeches on the Tariff*, Cambridge, 1893, pp. 31, 32; 92, 93. Hamilton could have cited the unofficial bounty reported by Adam Smith in *The Wealth of Nations*, with which work he was undoubtedly well acquainted. (Cf. E. G. Bourne, "Alexander Hamilton and Adam Smith," *Quarterly Journal of Economics*, April, 1894).

² "In the beginning of the year 1792 when the report of General Hamilton, then Secretary of the Treasury, made by order of the House of Representatives, was published in England, it created such alarm that meetings were called in the manufacturing towns, and Manchester alone, at a single meeting, subscribed 50,000 pounds sterling toward a fund to be vested in English goods, and shipped to this country for the purpose of glutting our market and blasting the hopes of our manufacturers in the bud." (*Address of the American Society for the Encouragement of Domestic Manufactures*, 1817, cited by G. B. Curtiss, *Protection and Prosperity*, New York, 1896, p. 134.)

Gallatin, writing in 1810 in opposition to protection, gave some support to the charge that English manufacturers were engaging in dumping. Supporting evidence from this source would have great weight. Gallatin was a conservative writer, not inclined to make wild and unsubstantiated charges. Moreover, his bias, if he had one, would be in the direction of minimizing or rejecting altogether the accusation that dumping was prevalent because of the aid which such charges lent to the agitation for high protection. In his *Report on Manufactures*, April 9, 1810, Gallatin wrote as follows:

It is believed that, even at this time, the only powerful obstacle against which American manufactures have to struggle, arises from the vastly superior capital of the first manufacturing nation of Europe, which enables her merchants to give very long credits, to sell on small profits, and to make occasional sacrifices.¹

It is to be noted that this statement makes no charge of predatory dumping, i.e., of dumping intended to eliminate competition, and that it suggests only by implication the prevalence of dumping in any form.

Soon after the Treaty of Ghent between England and the United States had made possible a resumption of the trade relations which had been interrupted by the War of 1812, Americans accused English manufacturers of deliberately dumping their products in the United States in order to crush the new industries which had developed there during the war. What evidence has been cited in substantiation of the charges, although it has been accepted by many writers as full confirmation thereof, is neither by its character nor its quantity such as to bring conviction to an unbiased person either that any of the dumping which occurred was predatory in its motives, or even that there was any intentional dumping. A brief survey of the literature on this episode in the commercial relations of England and the United States is worth while both for its historical interest and because it helps to demonstrate the great need for caution in dealing with charges of dumping by biased or uncritical writers.

¹ Cited by O. L. Elliott, *The Tariff Controversy in the United States 1789-1833*, "Leland Stanford University Publications," 1892, p. 148, n.

The cessation of hostilities in 1814 between England and France and between England and the United States reopened to English manufacturers the markets of the world which had been closed to them during the continuance of hostilities, and gave them an outlet for the great stocks of commodities which they had accumulated during the interruption of international commerce. There immediately resulted a wild burst of speculation in the export of commodities, a speculation which was by no means confined to the manufacturers of these commodities. At first, because of the scarcity of English goods in the markets hitherto closed to them by war, and because the speculators, still remembering earlier misadventures in similar enterprises,¹ the exporters realized great profits from the sales of their merchandise. Great quantities of English goods were exported to the Continent and to the United States without waiting for orders and were sold by agents in the ordinary way or at auction for whatever prices they would bring. The first speculative shipments brought very high prices. But the high profits were a stimulus to further speculation and an attraction to new speculators. In the spring of 1816, English manufacturers and traders again sent out shiploads of merchandise without waiting for orders. They soon discovered to their discomfiture that they had over-reached themselves. An overabundance of supplies led to low prices and tremendous losses to the exporters.² To the extent that the prices realized abroad, after deduction of transportation and other incidental costs, were less than the prices current in England, dumping technically occurred. But it was unintentional dumping. The shipments had been made without receipt of orders in the expectation that a profit would be realized. That on the contrary losses were suffered was a source of bitter disappointment. There was nothing novel in the speculative shipment of goods for sale in foreign markets.

¹ Cf. Thomas Tooke, *Thoughts and Details on the High and Low Prices of the Thirty Years, from 1793 to 1822*, 2d. ed., London, 1824, p. 109; "In 1815 and the early part of 1816 the exports from this country had been made with great forbearance and prudence."

² Cf. J. B. McMaster, *A History of the People of the United States*, New York, 1907, IV, 323-25, 340.

Such speculative exporting had been engaged in by Englishmen to South America in 1810 upon the temporary removal of the Portuguese government to Brazil, and in 1811 to Portugal upon the expulsion of the French therefrom. Americans had themselves exported in similar manner to England, in 1810, when the Napoleonic restrictions on commerce were temporarily removed,¹ and again in the very period here under consideration upon the resumption of trade relations after the War of 1812 was terminated.²

Moreover, the depression in prices in 1816 was not confined to the export markets but was widespread in England itself, and the prices received in the United States, even when they were below cost of production, were not necessarily lower than the prices received at home.³ It is difficult to see, therefore, how predatory motives can be attributed to the exporters. The resort by English traders to the auction sale method of disposing of their goods in the United States was especially resented by American manufacturers because of the absence under this sales method of any check to the fall in prices. But the auction sale was used, not because it would bring low prices, but because sales were not readily obtainable in any other way.⁴

In a famous speech delivered in the British House of Commons on April 9, 1816, and dealing primarily with the prevailing agricultural depression in England, Henry (later Lord) Brougham made incidental reference to the export speculation as a contributory cause of the depression. His words later served a long line of writers as evidence upon which to rest the charge that the primary purpose of the English exports to the United States had been to destroy the newly developed American manufactur-

¹ Thomas Tooke, *op. cit.*, pp. 81-89.

² E. R. Johnson, *et. al.*, *History of Foreign and Domestic Commerce of the United States*, Washington, 1915, II, 33.

³ Cf. Edward Stanwood, *American Tariff Controversies in the Nineteenth Century*, Boston, 1903, I, 166: "The market for manufactured goods both at home [i.e., England] and abroad was completely demoralized [in 1816]."

⁴ *Ibid.*, p. 169: "The auction system was resorted to because there was no other way to dispose of the cargoes." It appears, however, that English exporters evaded in part the American customs duties by consigning their merchandise to agents in the United States at fictitiously low values (J. B. McMaster, *op. cit.*, p. 341).

ing industries. Brougham's reference to the speculation in exports was as follows:

After the cramped state in which the enemy's measures, and our own retaliation (as we termed it), had kept our trade for some years, when the events of spring, 1814, suddenly opened the continent, a rage for exporting goods of every kind burst forth, only to be explained by reflecting on the previous restrictions we had been labouring under, and only to be equalled (though not in extent), by some of the mercantile delusions connected with South American speculations. Everything that could be shipped was sent off; all the capital that could be laid hold of was embarked. The frenzy descended to persons in the humblest circumstances, and the furthest removed, by their pursuits, from commercial cares. . . . Not only clerks and labourers, but menial servants engaged the little sums which they had been laying up for a provision against old age and sickness; persons went round tempting them to adventure in the trade to Holland, and Germany, and the Baltic; they risked their mite in the hope of boundless profits; it went with the millions of the more regular traders: the bubble soon burst ; English goods were selling for much less in Holland and the north of Europe, than in London and Manchester; in most places they were lying a dead weight without any sale at all; and either no returns whatever were received, or pounds came back for thousands that had gone forth. . . .

The peace with America has produced somewhat of a similar effect, though I am very far from placing the vast exports which it occasioned upon the same footing with those to the European market the year before; both because ultimately the Americans will pay, which the exhausted state of the continent renders unlikely; and because *it was well worth while to incur a loss upon the first exportation, in order, by the glut, to stifle in the cradle those rising manufactures in the United States which the war had forced into existence contrary to the natural course of things.*¹

It is to be noted that Brougham ascribed the speculative shipment of exports to the hope of immediate and extraordinary profits and not to the hope of stifling the rising American manufactures. The latter, if it should result, he simply regarded, perhaps somewhat uncharitably, as ample *post facto* consolation for the immediate and unanticipated losses incurred in the trade. Yet with Brougham's speech as their only evidence, writer after writer has accused the English manufacturers of that time of having dumped in the United States with the deliberate object of

¹ *Hansard*, 1st Series, XXXIII (1816), 1098-99. These sections of the speech are also to be found in the *Edinburgh Review* for June, 1816 (LII, 263-64.) The italics are mine.

crushing the new American industries.¹ In many instances such writers make their case appear stronger than it is by citing, away from its context, only that part of Brougham's speech which is italicized above.²

The Tariff Act of 1816 was the first distinctly protectionist tariff of the United States, and it has been claimed that the threat to American industries from English dumping, and especially Brougham's frank utterance with respect thereto, was an important influence contributing to the enactment of this, as well as of subsequent, protectionist legislation.³ There is no doubt that the fear of English dumping, actual or pretended, played apart, although probably a very minor one, in the development of Amer-

¹ Cf. Edward Stanwood, *American Tariff Controversies in the Nineteenth Century*, I, 168: "Mr. Brougham's words have often since done their duty in firing the protectionist heart."

² There is presented herewith what is probably an incomplete list of authors who have charged the English manufacturers of this period with predatory dumping in the United States on a large scale, with the italicized portion of Brougham's speech, given apart from its context, as their only supporting evidence: H. C. Carey, *Principles of Social Science*, Philadelphia, 1858, II, 128; R. W. Thompson, *The History of the Protective Tariff Laws*, Chicago, 1888, pp. 126-28; G. B. Curtiss, *Protection and Prosperity*, New York, 1896, pp. 135-36; John P. Young, *Protection and Progress*, Chicago, 1900, p. 305; J. L. Bishop, *A History of American Manufactures*, II, 212; Friedrich List, *The National System of Political Economy* (English translation), London, 1904, p. 70; E. R. Johnson, *History of Domestic and Foreign Commerce of the United States*, II, 35. Edward Stanwood, *American Tariff Controversies in the Nineteenth Century*, I, 166-68, makes the same charge on the same evidence, but quotes more fully from Brougham's speech. William Roscher, *Principles of Political Economy* (Lalor's translation), Chicago, 1882, II, 437, quotes from Brougham's speech only the section italicized above as confirmation of the exclamation: "How frequently it has happened that England by keeping down her prices for a time has strangled her foreign rivals." Ugo Rabbeno, *American Commercial Policy*, 2d ed., London, 1895, p. 153, also accuses the English manufacturers of having engaged at this period in predatory price-cutting: "The English manufacturers, to whose merchandise, after years of commercial war, an ample market was finally opened, rushed as if to the attack of a fortress; and it was indeed the weak and badly defended fortress of American manufactures which they wished to conquer, even at the sacrifice of selling under cost-price." But he makes no reference to Brougham's speech and presents no other evidence in support of the charge.

³ Cf. R. W. Thompson, *The History of the Protective Tariff Laws*, pp. 126-28; cf. also, Alfred Marshall, *Industry and Trade*, p. 781: "The high Protectionist policy of America, from which England has been a chief sufferer, was largely due to the sedulous spreading among the American people of stories as to her own ungenerous dealings, which had unfortunately some solid foundation."

ican protectionist sentiment.¹ In so far as the Act of 1816 was concerned, however, its introduction in Congress preceded the great collapse of prices of imported English goods and preceded also the first arrival in the United States of a report of Brougham's speech.² It does appear, however, that some Americans had foreseen, before it actually developed, the intense and possibly predatory competition to which the new and weak American manufacturing industries would be subjected after the wartime restriction on commerce had been removed, and that this prospect of unrestrained competition from Europe was a factor in the decisions of the committee which drafted the tariff bill of 1816.³

While the charge that English manufacturers were at this time carrying on a deliberate campaign of predatory dumping must be regarded, therefore, as unproved, there is less reason to doubt that there were occasional instances of the practice of dumping in less objectionable form, especially in such branches of English industry as were in the control of relatively few individuals or of combinations of producers. An English work lends support to the charge of dumping, although not of predatory dumping, by English manufacturers, in the statement that "at the beginning of the nineteenth century Lancashire spinners were accused of selling yarns *sub rosa* at miserable prices, that is, of

¹ Taussig's standard *Tariff History of the United States* makes no reference to dumping as one of the factors in the development of protectionism in the United States.

² Cf. J. B. McMaster, *A History of the People of the United States*, IV, 340-41, for statement that British sales in the United States were not at low prices until 1816, and that the framers of the Tariff Act of 1816 had utterly ignored the danger of auction sales as tending toward ruinous prices. Cf. Edward Stanwood, *American Tariff Controversies*, I, 168: "Mr. Brougham's speech came too late to affect the tariff legislation of Congress." Brougham's speech was made on April 9, 1816. The tariff act of 1816 was signed on April 27, 1816. The first American reference to Brougham's speech appears to have been that in *Nile's Register* of December 28, 1816. An error of List in assigning the speech to 1815, followed by H. C. Carey and others, helped to establish the impression that the Act of 1816 was in part a reaction against Brougham's utterance. Cf. Friedrich List, *The National System of Political Economy*, p. 70, and H. C. Carey, *Principles of Social Science*, II, 128.

³ Cf. *Report of the House Committee on Commerce and Manufactures*, February 13, 1816. *Annals of Congress*, 14th Cong., 1st Sess., p. 964: "The foreign manufacturers and merchants will put in requisition all the powers of ingenuity; will practice whatever art can devise and capital can accomplish to prevent the American manufacturing establishments from taking root and flourishing in their rich and native soil."

dumping" and that the accusers, apparently English manufacturers of cotton cloth, made a vain attempt to induce Parliament "to check the practice on the ground that the foreign manufacturers of cotton fabrics were thereby afforded an unfair monopoly."¹

As has already been indicated, the charge of European dumping played some part in protectionist propaganda in the United States in subsequent years. Henry Clay, in a speech in Congress in 1824, urged the need of protection to American manufactures because "the unprotected manufactures of a country are exposed to the danger of being crushed in their infancy either by the design or from the necessities of foreign manufacturers." Apparently this argument had already been losing its effectiveness, for Clay proceeded: "Gentlemen are incredulous as to the attempts of foreign merchants and manufacturers to accomplish the destruction of ours. Why should they not make such attempts?" But the only evidence he presented to demonstrate the credibility of charges of predatory price-cutting was a reputed offer of an American to carry the mails between Baltimore and Washington for a whole year for one dollar in order to drive a competitor off the road.² That the invocation of the danger of British predatory dumping was no longer seriously regarded as an argument for protection is further suggested by the fact that when John Quincy Adams, writing in 1832, made use of this argument, he did so somewhat apologetically, and admitted that there was a common tendency to exaggerate the losses which British manufacturers were willing to undergo in order to retain control of the American market.³

¹ S. J. Chapman and Lord Brassey, *Work and Wages*, London, 1904, I, 40-41. This is the earliest instance which I have found of a protest against dumping by consumers in the dumping country. Later in the century such protests were common in many countries. See *infra*.

² Speech in House of Representatives, March 30 and 31, 1824; *Annals of Congress*, 18th Cong., 1st Sess., III, 1988-89 (also in F. W. Taussig, *State Papers and Speeches on the Tariff*, p. 295).

³ *Report of Committee on Manufactures*, 22d Cong., 1st Sess., House Report 481, p. 20: "We may, and probably do, often greatly exaggerate to ourselves the immensity of exertions and of sacrifices made by the British manufacturers to retain and preserve in their own hands the control of foreign markets. But that such exertions and sacrifices are and will be made by large manufacturing establishments in which extensive capitals are employed, cannot be doubted."

Another indiscreetly frank British utterance later supplied further support for American charges that British manufacturers were practicing dumping with predatory motives, even after the adoption of free trade in England. In the report of a House of Commons committee of 1854 on the state of industry in the mining districts the following statement was made:

The labouring classes generally in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent, to which they are often indebted for being employed at all, to the immense losses which their employers voluntarily incur in bad times in order to destroy foreign competition, and to gain and keep possession of foreign markets. The great capitals of this country are the great instruments of warfare against the competing capital of foreign countries, and are the most essential instruments now remaining by which our manufacturing supremacy can be maintained.¹

Marshall comments on this statement that "in England it never attracted much notice, and was speedily forgotten: but in earlier decades almost every American had it brought to his notice."²

But with the establishment of free trade in England and the development of large-scale manufacturing industries in other countries, such complaints against English manufacturers diminished, and charges of dumping began to be directed against other

¹ Cited by Alfred Marshall, *Industry and Trade*, p. 782. It is not clear whether this was a statement of the committee itself or of some witness who appeared before it.

² *Ibid.* Marshall appears to be guilty here of exaggeration, and to be over-anxious to convict the English of dumping in order to minimize the case for anti-dumping legislation to be enacted by England itself. The writer has not found a single reference to this statement in American protectionist literature, and the only other reference encountered was in Roscher, *Principles of Political Economy* (Lalor's translation), Chicago, 1882, II, 437, n., who says that the report "speaks of the great losses, frequently in from three to four years, of £300,000 to £400,000, which the employers of labor voluntarily underwent, in order to control foreign markets." Marshall adds (*ibid.*, p. 783, n.), "Inquiries made in America in 1875 convinced me that the relatively few cases of such practices as had occurred in an earlier generation, had had some considerable influence in checking new industrial experiments, through the effect which they exercised on the imagination." Cf., also, Marshall's *Memorandum on the Fiscal Policy of International Trade*, House of Commons Papers 321 (1908), p. 26: "English manufacturers, especially in the iron industry, were for more than half a century by far the chief ill-doers in this direction [i.e., of dumping], and the memory of their ill-deeds rankles sorely in American minds."

countries, including the United States itself. It is said that after the Civil War there was constant complaint by Canadians of American dumping, and that in 1872, during a depression in the United States, the complaint "was particularly loud and bitter."¹ Marshall says that inquiries made by him in America in 1875 convinced him that Ontario manufacturers had real cause for fear of American dumping.² Bismarck, in 1879, when submitting to the Reichstag the new tariff bill embodying much higher protection for German manufactures than had hitherto been prevalent, presented as one of the chief arguments in support of the bill the claim that the low German tariff had hitherto made Germany the dumping-ground (*Ablagerungstätte*) of foreign countries.³ In 1880, the American Secretary of State, W. M. Evarts, recommended to American manufacturers of cotton that they dump abroad in order to establish their trade in foreign markets.⁴ In 1886, witnesses before the British Commission on the Depression of Trade and Industry cited many instances of dumping in England in three of the four industries investigated by the Commission. Most of the charges were against German and French manufacturers, but in one instance at least a specific instance of dumping was charged against American manufacturers.⁵ A minority report of the Commission recommended a 10 or 15 per cent ad valorem tariff on imports to countervail dumping and other artificial advantages enjoyed by foreign manufacturers in their competition with those of England in the English market.⁶ It is said that the protected industries of Victoria made it a com-

¹ C. H. Chomley, *Protection in Canada and Australia*, London, 1904, p. 43. Cf., also, the *Economist* (London), November 16, 1907, p. 1968.

² *Industry and Trade*, p. 783, n.

³ W. H. Dawson, *Protection in Germany*, London, 1904, p. 71.

⁴ Cited in U.S. Dept. of Commerce and Labor, Bureau of Statistics, *Special Consular Reports*, XXXVI (1905), 45: "We have only to continue the manufacture of pure cottons; . . . sacrifice profits for a time, if necessary, to secure trade standing in the several markets; . . . and the several roads to universal trade are more open to us to-day than they were to the British manufacturers 30 years ago."

⁵ *Final Report* (C. 4893), pp. iv, lvi, lvii; *Second Report, Minutes of Evidence*, Part I (C. 4715), pp. 33, 122, 218, etc.

⁶ *Final Report* (C. 4893), p. lxv.

mon practice in the latter part of the nineteenth century to dump in the rest of Australia.¹

B. THE PREVALENCE OF DUMPING SINCE 1880

In more recent times the growth of trusts and combinations in industry has brought with it the systematic and more or less continuous practice of export dumping on the part of many of the important manufacturing industries of the great industrial nations, and especially on the part of such industries as were organized into producers' trusts or combinations. The literature of this period on dumping, much of it a by-product of the study of the operations of industrial trusts and combinations, is voluminous, and it will be possible in the following pages to indicate only the outstanding features of dumping as practiced by the exporting industries of the countries important in world commerce.

GERMAN DUMPING

There is general agreement that before 1914 export dumping was more widespread and was more systematically practiced in Germany than in any other country. The resort to export dumping in Germany was facilitated by the high protective tariff and by the almost complete organization of large-scale industry into kartells, or industrial buying and selling combinations. Both of these factors checked price-competition in the domestic market, the former from outside Germany and the latter among German producers themselves. Combined, they made it possible for many of the kartells to adopt as a definite price-policy the maintenance of domestic prices at the foreign level plus the full amount of the German import duties and the sale for export at the best prices obtainable, even if these should be substantially below the domestic prices. It is obvious that systematic and continued dumping is not likely to arise if the dumping concern must share the higher domestic prices with its competitors and must bear by

¹ C. H. Chomley, *Protection in Canada and Australia*, pp. 182-83: "'Dumping' was, in fact, a remarkable feature in the business of most of the more successful protected industries of Victoria. The makers of starch, of condensed milk, of nails, of bottles, of candles, of straw board, of blacking, of reaper and binder twine and many other articles habitually sold their goods at much lower prices in Sydney and the rest of Australia than in Melbourne."

itself the cost of the export dumping. In Germany the kartell method of combination provided the machinery whereby, without the loss of the individuality of the separate concerns, the benefits and the burdens of export dumping could be equitably distributed among the domestic producers. The protective tariff prevented foreign competitors from sharing in the high domestic prices resulting from the price-fixing activities of the kartells, provided only that the kartells did not endeavor to make the German prices exceed the prices in foreign markets by more than the cost of transportation to Germany plus the duty on foreign imports. The comparative unimportance, in the export trade of Germany, of agricultural products and of raw materials produced under small-scale conditions, commodities which for reasons later to be explained are least likely to be systematically dumped, operated also to make dumping prevalent over a wider range of the export trade of Germany than of other countries in whose exports these commodities were more prominent. Nevertheless, German dumping has received an undue share of attention as compared to that of other countries which are likewise not backward in the resort to the practice. The publicity which necessarily attaches to the operations of loose combinations of producers such as the German kartells as compared to more unified combinations or trusts such as those of the United States, England, or Canada, and also the painstakingly rigorous searching of German commercial methods for evidence of unfair tactics which had been the self-assigned task of many publicists in other countries—and especially in France—even before 1914 and was embarked upon for propagandist purposes by a host of writers after 1914, operated to make prominent the German practice of dumping while tending to keep in the shadow the dumping of other countries.

Many, probably most, of those German kartells which engaged in the export trade commonly and systematically sold at lower prices to foreign than to domestic purchasers.¹ Most of the

¹ Cf. *Memorandum on the Export Policy of Trusts in Certain Foreign Countries*, in Great Britain, Board of Trade: *Report on British and Foreign Trade and Industrial Combinations*, 1903 (C. 1761), p. 298: "The fact that dumping is a policy habitually practiced by the German kartells is beyond controversy." (This report

kartells left the actual handling of the export trade to the individual members. But if these kartells were anxious that greater quantities of their products should be disposed of outside of Germany than could be sold abroad at the prices established for the German market, it was necessary to exercise pressure on the members, for the individual member concerns would be unwilling to export abroad as long as more remunerative prices were obtainable at home. In some cases an attempt was made to meet the problem either by requiring the member concerns to export a stated percentage of their output or by setting maximum limits on the amounts which they could dispose of in the domestic market. It was difficult, however, to enforce such agreements, and, moreover, this method failed to take into account the relative advantages for export which some plants had over others, because of situation, size, foreign connections, experience in the foreign trade, or for other reasons. Resulting from these circumstances, there was general resort among the kartells desirous of practicing export dumping, either to a transfer of the handling of the export trade from the individual concerns to a central export agency supported by the kartells as a whole from contributions by the members, or, more generally, to the system of export bounties to members, granted in proportion to their exports, and supported by a levy upon all the members in proportion to their productive capacity or normal output.

Export dumping by German industries, and especially by the iron and steel trade, began far back in the nineteenth century, even before the rise of the kartells.¹ But systematic and steady dumping on an extensive scale apparently began with the organization of kartells in the late eighties and the nineties of the nineteenth century.²

will henceforth be referred to as *Memorandum on the Export Policy of Trusts*. Willi Morgenroth, *Die Exportpolitik der Kartelle*, pp. 15-29, gives detailed comparisons of the domestic and export prices of many of the German kartells.

¹ "Low export prices have always prevailed in the German iron and steel trade."—Francis Walker, "The German Steel Syndicate," *Quarterly Journal of Economics*, XX (May, 1906), 391.

² Cf. Josef Grunzel, *Economic Protectionism*, p. 226. Arthur Raffalovich, a well-informed and acute student of industrial combinations, as far back as 1889

Kartell dumping may take place without involving the direct payment of bounties where the export trade is handled by the kartell as a whole, or it may result from—or be accompanied by—export bounties where exporting is left in charge of the individual members. The export bounty method in its simple form of a specific bounty granted upon each unit of the commodity exported has the defect from the point of view of the industry as a whole that it is inelastic and does not adjust itself to changing conditions. An export bounty which at its first introduction operates to bring about the desired distribution between sales in the domestic market and sales abroad may soon become too low, if foreign prices fall or domestic prices rise, to induce the proper volume of export. Or it may become too high, with the result that it leads to overexport at low prices or to special profits for the exporters, with the cost in either case falling on the industry as a whole. As a result, most, if not all, of the kartells using export bounties introduced flexible features. The amounts of the bounties were subjected to periodic revision, and were fixed at the point estimated to be sufficient to stimulate exports to the desired volume. In most cases the bounties were paid only upon proof of exportation, but some kartells, further to protect themselves against abuse, paid bounties only upon proof of exportation at a price less than the domestic price;¹ some of the kartells did not pay bounties unless the difference between export and domestic prices was substantial.²

Some of the kartells appear to have experimented with making the amount of the bounty equal the actual difference between the export and the domestic prices, but to have found this practice

wrote as follows: "Aux traits caractéristiques des syndicats américains, il faut ajouter ce fait bien connu, c'est que les coalitions en Europe ont ordinairement deux prix, celui pour le marché intérieur et celui pour l'exportation."—*Les Coalitions de Producteurs et le Protectionnisme*, Paris, 1889, p. 14.

¹ *Memorandum on the Export Policy of Trusts*, pp. 303, 304.

² This was the practice of the *Stahlwerksverband*, or steel kartells, U.S. Federal Trade Commission: *Report on Cooperation in American Export Trade*, 1916, Part II, p. 16. (This report will henceforth be referred to as *Cooperation in American Export Trade*.)

undesirable, because it made it a matter of comparative indifference to the exporting concern, within the maximum limits of the bounty, what prices it received on its export sales, and thus led to sales at prices lower than conditions warranted. To eliminate some of the abuses to which the bounty system was subject, many kartells either themselves took over the handling of the export trade, or exercised supervision over the prices at which export orders could be accepted, or granted bounties equal to only a part of the difference between domestic and export prices.

The years from 1900 to 1902 were in Germany, as elsewhere, marked by industrial depression. The decline in prosperity, coming as it did after a period of unprecedented activity, fell with particular severity upon the non-syndicated industries and upon the non-integrated kartells, i.e., those kartells which did not carry the manufacturing process through from the production of their own raw materials to the completion of a manufactured product ready for sale, but purchased their raw material from the primary-material syndicates such as the pig-iron and the coal and coke kartells. The non-integrated kartells attributed their distress in part to certain practices of the raw-material syndicates, and especially to their export policies. In 1901-2, the iron-using industries of Germany protested vigorously against the export-dumping of the pig-iron kartell, on the ground that it was impairing their ability to compete in foreign markets with foreign manufacturers using dumped German iron.¹ Another ground for complaint was that many of the members of the pig-iron kartell were themselves producers for export of more advanced commodities and were therefore in a privileged position, both in the domestic and in the export trade, in their competition with non-integrated German plants which had to pay to the pig-iron syndicate the high domestic prices exacted for their raw materials.² It has been claimed, however, that the German dumping of pig-iron in foreign markets did not appreciably lower the prices current there and that the pig-iron kartell was in all probability

¹ *Memorandum on the Export Policy of Trusts*, pp. 307, 308.

² Paul de Rousiers, *Les Syndicats Industriels de Producteurs en France et à l'Étranger*, 2d ed., Paris, 1912, pp. 146 ff.

dumping merely to meet the prices prevailing in outside competitive markets.¹

Similar complaints had been made by iron and textile industries against the coal syndicate of the Ruhr as far back as 1891, and had resulted in the Prussian government warning the coal syndicate to cease its export dumping. In this instance a careful student gives it as his conclusion that the injury to German industries which was claimed to have resulted from this export dumping "seems to be alleged rather than proved."² Later, complaints of the same kind were made against the steel kartell (*Stahlwerksverband*) by German steel-tool makers, machinery manufacturers and shipbuilders and against the German wire syndicate by the German nail syndicate. There apparently was much better ground for some of these complaints, for the dumping of German steel and wire in Holland appears to have been an important element in the prosperity of the shipbuilding, machinery, and nail industries in that country, and in some cases enabled these industries to compete successfully with German producers in the German market itself.³ The local chambers of commerce in Germany, whose membership consisted largely of independent small-scale producers of consumers' goods, repeatedly protested against the export policy of the great raw-material and intermediate-product kartells as injurious to the interests of the domestic manufacturers of finished products.⁴ On these and other grounds, the Reichstag was petitioned in 1902 to institute state regulation of the kartells and the suppression of such of their practices as were dangerous to German industry. The question of regulating the kartells came up in the Reichstag for debate, and a motion providing that import duties should be lowered on goods produced by syndicates and sold at lower prices abroad than

¹ Cf. Robert Liefmann, *Cartells et Trusts*, Paris, 1914 (translated from 2d German edition), p. 102.

² Francis Walker, "Monopolistic Combinations in the German Coal Industry," *Publications of the American Economic Association*, 3d Series, V, No. 3, 225.

³ Charles Longuet, *Des Syndicats d'Exportation en France*, Paris, 1909, p. 20; Josef Grunzel, *Economic Protectionism*, p. 323; Georg Gothein, "La Réglementation Internationale des Droits de Douane sur les Fers," *Revue Économique Internationale*, August, 1904, pp. 509 ff.

⁴ André Sayous, *La Crise Allemande de 1900-1902*, Paris, 1903, p. 370.

in the domestic market was defeated by only a moderate margin of votes. The government responded, however, to the growing feeling of hostility to the kartells by appointing a commission to conduct an inquiry into their activities (*the Kartellenquete*). This commission carried on an extensive investigation lasting over three years. In the course of evidence given before it, it was "even asserted that manufacturing industries had been compelled to build establishments in foreign countries in order to take advantage of the marketing of raw materials abroad at low prices by the German producers' organisations."¹ The commission nevertheless recommended that there be no government interference with the kartells, on the ground that they had proved advantageous to Germany.

German consumers of pig iron had some time before, in self-defense, organized consumers' kartells. Either because of the pressure which these kartells exerted, or to forestall a more intensive campaign for governmental interference, or, perhaps, because their high domestic prices were appreciably checking their sales to German manufacturers for the export trade, the pig-iron syndicate in 1902 adopted the policy of granting rebates or bounties to domestic syndicated purchasers of pig iron for use in further manufacture for export.² There had been earlier instances of the occasional grant of such bounties to domestic purchasers: for example, by the pig-iron syndicate itself as far back as 1880, and by the coke syndicate in 1882.³ As a systematic practice, it began in the iron and steel kartells and in various metallurgical trades in 1889 or earlier.⁴ After 1902, it was an established phase of the price policy of all of the great kartells which resorted to dumping; domestic purchasers of their products for use in further manufacture for export were given the advantage of the lower export price, or were at least given some concession from the domestic price.

¹ Josef Grunzel, *op. cit.*, p. 323. Cf. also Willi Morgenroth, *op. cit.*, pp. 45-46.

² *Cooperation in American Export Trade*, Part 1, p. 207.

³ Josef Grunzel, *Economic Protectionism*, p. 225; Paul de Rousiers, *Les Syndicats Industriels*, p. 149; Robert Liefmann, *Cartels et Trusts*, p. 111.

⁴ A. Raffalovich, *Les Coalitions de Producteurs et le Protectionnisme*, p. 16; Paul de Rousiers, *op. cit.*, p. 149.

These bounties were sometimes passed on several times in the process of manufacture of a product ready for export. Thus the coal syndicate gave a bounty on each ton of coke used by the pig-iron syndicate in the making of pig iron either for direct export or for sale to domestic manufacturers for use in further manufacture for export; the pig-iron syndicate gave a bounty on pig iron used in the production of half-finished goods for export or for domestic sale for further manufacture and export; the wire-rolling mills received bounties on their materials used in manufacture for export and gave similar bounties to the wire-tack syndicate, and so on. In each case the bounty received was passed on, often with a further increase at each successive stage of manufacture.¹ The complications of this elaborate system of cumulative bounties necessitated the establishment of some co-operative machinery for its administration. In 1902 the coal, coke, pig-iron, bar-iron, and steel-beam kartells established a clearing-house for export bounties (*Abrechnungstelle für die Ausfuhr*) at Düsseldorf, where counter-claims could be settled and proof of export or of use in further manufacture for export could be examined.²

As a general rule, however, the bounties did not reach the domestic manufacturers for export of highly finished commodities, either because these manufacturers were not syndicated, or because the bounty arrangements did not provide for their being passed on through sufficient stages of the manufacturing process to reach them. Even where a domestic manufacturer for export received a bounty, it was often insufficient in amount to offset the difference between the domestic and the export prices of his raw materials. The extension of the bounties to domestic purchasers for use in further manufacture for export did not, therefore, completely succeed in attaining its purpose, if that was to prevent the dumping policy of the kartells from injuring the export trade of domestic producers of finished commodities, and it failed to reconcile these producers to the export dumping policy of the great kartells.³

¹ Great Britain, Ministry of Reconstruction, *Report on Trusts*, 1919, p. 42.

² Willi Morgenroth, *Die Exportpolitik der Kartelle*, p. 53.

³ *Ibid.*, p. 58: "Eine weiterzige Prämienpolitik wäre deshalb sehr am Platze"; p. 113: "Die drohendste handelspolitische Gefahr der Kartelle liegt eben in der Schwächung der Weiterverarbeiter."

The export dumping of the German kartells had as its predominant objective the maintenance at the same time of full production and stable and profitable domestic prices. The development of export trade was only a secondary consideration.¹ Export prices were made lower than domestic prices only when, and only to the extent, necessary to maintain aggregate sales, domestic and export, at near productive capacity. In boom times, therefore, it was occasionally unnecessary to cut prices in order to obtain export orders in the desired volume. At other times domestic orders were of themselves sufficient in volume to render unnecessary the artificial stimulation of exports. At such times the export bounties would be temporarily abolished, or would be greatly reduced.² It is not to be concluded, however, that the dumping was intermittent and recurred only at times of depression in the domestic market. Dumping was the normal, and the absence of dumping the exceptional situation in the export trade of most of the great kartells.

Sporadic or casual dumping, i.e., the occasional export of surplus stock already produced at whatever prices it would bring,

¹ Grunzel, *op. cit.*, p. 322, even claims that the kartells did not permit an expansion of export sales to lead to an extension of production facilities, the object of the dumping being the stabilization of domestic prices and of production, and not the expansion of the export trade for its own sake. Cf., also, *Cooperation in American Export Trade*, Part I, p. 206: "For the foreign market the [pig-iron] syndicate has fixed the export quotas of members so as to prevent unnecessary dumping."

² Thus the *Stahlwerksverband* stopped its bounties in 1906 because of active sales, but resumed them in the following year. (Robert Liefmann, *Cartells et Trusts*, p. 111.) The following statistics, which show a great increase in the quantity, but only a moderate increase in the value, of German exports of metal manufactures in the depression years of 1901-3 as compared to the preceding years, suggest that German dumping varied in extent in inverse proportion to the degree of business activity in the domestic market:

GERMAN EXPORTS

YEAR	COARSE METAL MANUFACTURES		OTHER METAL MANUFACTURES	
	Quantity (Thousands of Tons)	Value (Thousands of £)	Quantity (Thousands of Tons)	Value (Thousands of £)
1899.....	780	8,080	542	16,430
1900.....	793	8,795	610	18,865
1901.....	1,235	9,445	675	18,790
1902.....	1,313	9,170	914	20,845
1903.....	1,382	10,025	1,018	22,470

(From J. Ellis Barker, *200 Points for Tariff Reform*, London [1910?], p. 167.)

was of infrequent occurrence in Germany, partly because such surplus stocks, if they occurred, were disposed of in the course of the systematic and continued dumping, but mainly because German industry is conservative and rarely produces in anticipation of orders, so that overstocks are rare.¹

Since 1914, the charge has frequently been made by writers hostile to Germany and all her works that much of the German dumping was actuated by predatory motives. Some writers have gone so far as to find in German dumping a manifestation of a deep-laid conspiracy between German government and industry to destroy the competing industries of foreign countries.² Such sweeping accusations are to be regarded with skepticism until convincing evidence is presented in confirmation. They are in large part merely one phase of the wartime plague of mendacious propaganda. It is significant that prior to 1914 capable foreign students of the export policies of the German kartells made no such sweeping charges against them³ It is even more significant that within Germany itself opinion was very

¹ Cf. *Selling Foreign Manufactures in United States*, Part I, p. 64.

² Cf. Henri Hauser, *Germany's Commercial Grip on the World* (translated from the French by Manfred Emmanuel) New York, 1917, pp. 98 ff. In the Preface the author says: "Dumping, export bounties, import bonuses, combined sea-and-land transport rates, emigration measures—these are various measures which were employed by Germany not as the normal procedure of economic activity, but as means of strangling, crushing, and terrorising her adversaries." The translator, in his Introduction, finds the "true *casus belli*" in the belief of the German government that, although economic crises had been repeatedly overcome in the past by export dumping, the crisis which was impending in 1914 could be handled more quickly and cheaply by victory on the field of arms than by dumping and other methods of "economic penetration"! A comment made upon such charges by a British economist, although written long before the outbreak of the war, is still pertinent: "All the nonsense one hears about dumping as a 'national conspiracy' is derived from that fallacious idea which thinks of another nation as an industrial unit."—William Smart, *The Return to Protection*, London, 1904, p. 161.

³ Cf. the British Board of Trade *Memorandum on the Export Policy of Trusts*, 1903, pp. 297-98: "It is of course easy to suppose a state of things in which a Kartell or a combination of Kartells might deliberately export at a low price with the principal or the exclusive aim of injuring and ultimately of entirely ruining and bringing to a close a particular industry in a foreign country. But it cannot be said that there is any clear evidence of such action on the part of the German combinations, whose export policy up to the present time appears to be mainly the result of supply exceeding demand in the German domestic markets."

much divided with respect to the effect on German economic interests of the dumping practices of the kartells. The agrarians, who were most influential in the councils of the government, were almost a unit in opposition to the export dumping of the kartells. Even since 1914, although anti-German propagandists have made much of the menace to the world of German dumping, very little evidence has been published which confirms the attribution to it of predatory motives. Granting the difficulty of discovering and demonstrating the character of the motives behind particular business practices, it still remains true that the preponderance of well-authenticated evidence strongly supports the conclusion that *in general* the German kartells dumped to dispose of surplus productive capacity and not to eliminate foreign competitors. The kartells, in fact, did their utmost to restrain German exporters from cutting their prices more than was absolutely necessary in order to obtain foreign orders. The great kartells commonly gave their bounties only to export kartells and not to individual exporters, in order to prevent export prices from being cut as a result of price-competition among the German exporters themselves.¹ The main explanation of the lowness of German export prices as compared to German domestic prices is that behind the shelter of a high protective tariff the kartells were exacting monopolistic prices in the domestic market, and that at these prices foreign business was not obtainable.

There is sufficient evidence, however, to justify the belief that in individual cases where circumstances favored German exporters cut their prices in order to weaken or destroy competitors or to force them to enter into some working arrangement with the German syndicate as to prices and markets. A. Mitchell Palmer, in his report as alien property custodian, charges German industry in general, and the chemical industry in particular, with predatory dumping intended to crush foreign competition and to establish a German world-wide monopoly. For so sweeping an indictment the evidence presented is somewhat scanty, but the report cites aniline oil, oxalic acid, and salicylic acid as commodities which

¹ Cf. Robert Liefmann, *Cartells et Trusts*, p. 112; Willi Morgenroth, *Die Exportpolitik der Kartelle*, p. 11.

had been dumped in the United States with predatory intent, and gives circumstantial details. Palmer makes the further charge that the German government facilitated the dumping of dyestuffs for military purposes, but he presents no supporting evidence.¹ Similar charges of predatory dumping were made against the German electrical industry by a British wartime committee.² An American consul reported in 1917 that German hardware exporters had dumped in the Turkish market with the aim of forcing out their French and British competitors.³ Long before the outbreak of the war, it was alleged in England that German and American manufacturers of wire nails had dumped their products on the English market until the British producers were driven out of the industry, and had then raised their prices to English purchasers by more than they had previously reduced them.⁴

A well-substantiated and important instance of dumping with the deliberate intent of crushing the domestic industry in the market dumped on is to be recorded against the *Stahlwerksverband* in its export policy with respect to Italy.⁵ A Swiss writer, in a careful study of the operations of the *Stahlwerksverband* in the Swiss market, supports in fairly convincing manner his accusation that here also this German kartell quoted extremely low

¹ *Alien Property Custodian Report*, Washington, 1919, pp. 30, 33.

² Great Britain, Trading with the Enemy Committee, *Report*, 1918 (C. 9059), p. 5.

³ U.S. Dept. of Commerce, *Special Consular Reports*, No. 77, 1917.

⁴ *Report of (Chamberlain) Tariff Commission*, Vol. I, *The Iron and Steel Trades*, London, 1904, p. 919.

⁵ Cf. A. D. McLaren, *Peaceful Penetration*, New York, 1917, p. 90: "The *Organisationsgeist* has been at work there to oust rivals and competitors in the field of industry. The most interesting example was the German determination to kill the iron industry in Northern Italy, which the Italian Government strove so strenuously to foster. The mighty 'Stahlwerksverband' made herculean efforts to 'control' these Italian foundries, that is to say, to make them mere tools in the hands of the iron and steel magnates of Düsseldorf. Foiled in this attempt, it has tried to strangle them, as it has already strangled some of those in Scotland and Staffordshire, by dumping on a colossal scale." Cf., also, Maurice Millioud, *The Ruling Caste and Frenzied Trade in Germany* (translated from the French) Boston, 1916, pp. 104-7. The evidence is convincing that the *Stahlwerksverband* did make such an attempt. It was finally unsuccessful, however. After tremendous losses

prices with the main object of forcing out Swiss and English competitors.¹

There is no reason to doubt that the German kartells would not have hesitated to engage in predatory dumping if it promised to bring results profitable to themselves. The evidence presented above demonstrates that they did occasionally resort to such dumping. It is even probable that predatory motives were a more important factor in German dumping than in the dumping of other countries. Such evidence as has been published does not support any more sweeping or dogmatic generalizations. It is easier to make charges than to substantiate them, and German commercial methods have unquestionably been painted in darker colors than the known facts justify. An instance in point was the accusation, so common during the war, that Germany—or German manufacturers, who in the polemics of wartime were often identified with the German government—was accumulating vast stocks of goods in order to dump them on the markets of the world, with the objects of crushing the new industries fostered by the wartime conditions, re-establishing her foreign commerce, and regaining in the field of economic warfare what she was losing on the military battlefield. These accusations have an interesting parallel in the similar charges brought against England after the Napoleonic Wars and the War of 1812,² but they appear to have had even less basis. It has become quite clear that there was not a vestige of truth in the reports of German warehouses bursting with goods ready to be dumped abroad. Germany

had been incurred on both sides, the *Stahlwerksverband* and the Italian iron and steel syndicate shortly before the outbreak of the war signed an agreement in which the former agreed not to sell its products in Italy below certain specified prices. For an interesting and authoritative account by a representative of the Italian syndicate, see R. Ridolfi, *Il "dumping," considerato dal lato pratico oppure un caso tipico di "dumping,"* *La Riforma Sociale*, Torino, XXV (1914), 277 ff. and especially p. 283. I have not been able to find any confirmation of McLaren's statement that the *Stahlwerksverband* had "strangled" Scotch and English steel concerns by dumping.

¹ Eduard Feer, *Die Ausfuhrpolitik der deutschen Eisenkartelle und ihre Wirkungen in der Schweiz*, Zurich, 1918. See, especially, p. 181: "Die Billigkeit des deutschen Produkts ist deshalb in den meisten Fällen nur als Mittel zum Monopol zu betrachten."

² See *supra*, pp. 658 ff.

found herself at the end of the war without goods, financial means, or trade connections for a large-scale dumping campaign.¹

The Germans have often been accused since 1914 of having resorted on a large scale to "credit dumping," or selling abroad on unreasonably long terms of payment without making proper charges for the deferment of payment. Foreign studies of German export credit practices, however, supply no confirmation for this accusation. The typical German practice of separating the financing of export trade from the exporting itself would make credit dumping difficult to carry out without elaborate arrangements between the export banks and the exporters.² Although the Germans, by an efficient organization of the function of financing export trade, were able to adjust the terms of the payment to the needs—or wants—of the different export markets or even of individual customers, they appear as a general rule, if not invariably, both to have charged interest for the longer terms and to have raised their basic prices to compensate for the greater credit risks involved in the longer terms.

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¹ Indicative of the reliability of wartime literature dealing with German commercial methods was the frequently made claim that the first anti-dumping law, that of Canada, was intended mainly to meet the menace of German dumping. (Cf. editorial in *Chicago Tribune*, August 30, 1916, and Walter E. Weyl, *American World Policies*, New York, 1917, p. 124.) The truth of the matter was that the Canadian law was directed mainly against American dumping.

² Cf. United States Department of Commerce and Labor; Bureau of Foreign and Domestic Commerce, Special Agents Series, No. 62; *Foreign Credits* (1913), pp. 19-34. Cf., especially, p. 20, "American customers, therefore, also receive the benefit of much lower prices in Germany than those quoted by Germans to their over-seas customers requiring long-term credit."

[*To be continued*]